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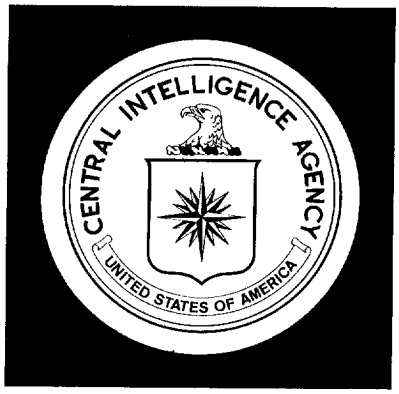

Weekly Summary

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No. 0028/76
July 9, 1976

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology.

Warning Notice
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9 **Argentina:** *Tasks for the Junta*

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Argentina's military junta, three months after taking over, has made some gains, especially in the economic area. But President Videla must soon demonstrate further economic progress as well as to make inroads against terrorism.

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Argentina: Tasks for the Junta

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Argentina's military junta has achieved no dramatic breakthroughs on major problems in the three months since it seized power, but there have been encouraging signs, particularly on the economic front. The next few months will be decisive.

President Videla faces a formidable public relations challenge, in addition to the challenges posed by the economy and continuing terrorist activity. He must, on the one hand, deal quickly and firmly enough with major problems to satisfy his fellow officers. On the other hand, he must avoid actions that will dissipate the popular acceptance the junta has painstakingly nurtured. For the moment, the military as a whole seems disposed to go along with Videla's low-key, gradualist approach to governing. Some officers' patience could be tried, however, if the pace of progress does not quicken.

Popular resistance has not yet been a factor, but political restrictions and economic austerity measures could yet lead to widespread public dissatisfaction.

President Videla is well suited for the balancing act he must perform. He has impeccable military credentials and the respect of his fellow officers, even though there has been some criticism of his style. Civilians see him as a man with no thirst for power and one who took the reins of government reluctantly.

The President sets the tone of the government; his appearance is austere and he makes no promises, preferring to repeat his call for hard work. Other officials display the same attitude. Economy Minister Martinez de Hoz, charged with overseeing a fundamental overhaul of the nation's economy, describes his job in matter-of-fact terms and avoids the temptation to make promises.

The government is not so much modest as practical. Videla and his colleagues fully realize the danger of setting unrealistic goals that would risk widespread alienation if they are not achieved. The public statements of junta spokesmen are a contrast to the extravagant behavior and lavish promises of the ousted Peronists. So far, the President and his advisers seem to have succeeded in impressing their countrymen with the need for personal sacrifice in the interest of restoring economic health to the nation.

From the outset, Videla has walked a fine line between authoritarianism and respect for civilian institutions. Congress is dissolved, all political activity is banned, and the media are restricted. The President has stopped short of cutting civilians out of the governing process entirely, however. A number of key advisers are civilians, and the principal political parties remain intact, as does the huge Peronist labor confederation. Videla is

Argentine shopper checks prices in Buenos Aires shop

3.5(c)

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not squeamish about using authority, but he does see limits to the amount of power he needs.

Restoring the Economy

Restoration of the shattered economy is the most pressing challenge facing the junta. Martinez de Hoz has had some success in reducing the worst inflation in Argentina's history and attracting badly needed financial support from abroad, but there is a long way to go.

The economic team has a far-reaching program that envisions revitalization of private business and aims to reduce the government's role in some economic activities, such as energy production. The foreign investment law has been rewritten to remove most of the restrictions on foreign capital and profit remittances. Agriculture, long neglected, has received a package of new incentives.

There has been no significant popular resistance to the economic program, but the likelihood of continuing acceptance of austerity measures by a society long accustomed to living well seems small. Labor, in particular, has been severely affected by the new economic program. Deprived suddenly of its political and economic predominance, organized labor may be ripe for leftist influence.

Although the military has put controls on the labor movement, labor remains potentially the most important source of opposition to the government. There have already been a few sporadic work stoppages and slowdowns in major industrial plants. This alarms the junta, both because it is a challenge to government authority and because it threatens economic productivity. Thus far, the regime has overcome labor protests by furloughing the ringleaders, but it has made clear it is willing to use force if necessary.

The Terrorist Problem

The problem of leftist terrorism has plagued civilian and military governments alike since the late 1960s. The guerrillas do not pose a direct threat to government stability, but the military is committed to rooting them out, and Videla's handling of the situation is one criterion on which he will be judged, particularly by his fellow officers.

The army appears to have made some inroads against insurgents both in the countryside and in the cities. In the remote province of Tucuman, government forces are reportedly killing and capturing a growing number of members of the People's Revolutionary Army and destroying more and more safesites and sources of supplies.

The urban terrorism carried out by the

Argentine troops on an operation against insurgents in Tucuman Province

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People's Army and by the Montoneros is more difficult to handle. The insurgents' hit-and-run tactics are effective in the metropolitan sprawl of Buenos Aires, and the appeal the terrorists have for youthful Argentines—the main source of recruits—continues despite increasing reports of government anti-terrorist successes.

It will be some time before the military's aggressive campaign can be judged a success; bombings and guerrilla attacks on officials are continuing. During the past two weeks, for example, terrorists murdered several military officers, including the second federal police chief in two years.

Videla may ultimately face serious trouble from critics in the military who urge him to take a much tougher approach to the problem. The thrust of the argument is that, in order to eradicate the guerrillas who hide among and draw some support from the populace, the government must impose stronger controls on the population as a whole.

The so-called "hard-line" officers also want vengeance against the former civilian leaders whose corruption and incompetence, they argue, led Argentina to near chaos. The advocates of repression are, in short, pressing for almost unlimited arrest powers, dissolution of all political groupings, and the dismemberment of the entire labor movement.

The President, too, is committed to a "fight to the finish" with terrorism, but he believes the "hard-line" approach would do more harm than good. Videla wants to avoid the sort of international opprobrium that has been aimed at Chile because of human rights violations and that has made it difficult for Chile to obtain needed foreign financial aid. Argentina is depending on further infusions of foreign financial support.

Videla is also mindful of the significant political divisions within his country, which would almost certainly be intensified by repressive government measures.

A Role for Civilians

Videla, unlike the "hard-liners," sees some role for civilians in the government. The President's public attitude toward civilians is conciliatory, and his advisers are engaged in a dialogue with certain politicians and labor leaders. This approach has drawn the fire of the President's critics.

Although Videla is not now in any serious trouble, the appeal of the "hard-line" may widen, especially if the military judges that progress on major national problems is too slow. Recent abductions and murders of known and suspected leftists by rightist vigilantes, although not approved by the regime, clearly have the sympathy of a number of military officers, some in key positions. The President's efforts to end these abuses have had little if

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any success, and there are practical limits to how far he can go.

Military rule has come to stay for the foreseeable future; how repressive it becomes depends on Videla's ability to deal with the problems that prompted military intervention in the first place. If the President and his supporters have their way, civilians can look forward to at least a limited role in government; if Videla loses out, they will not have even this.

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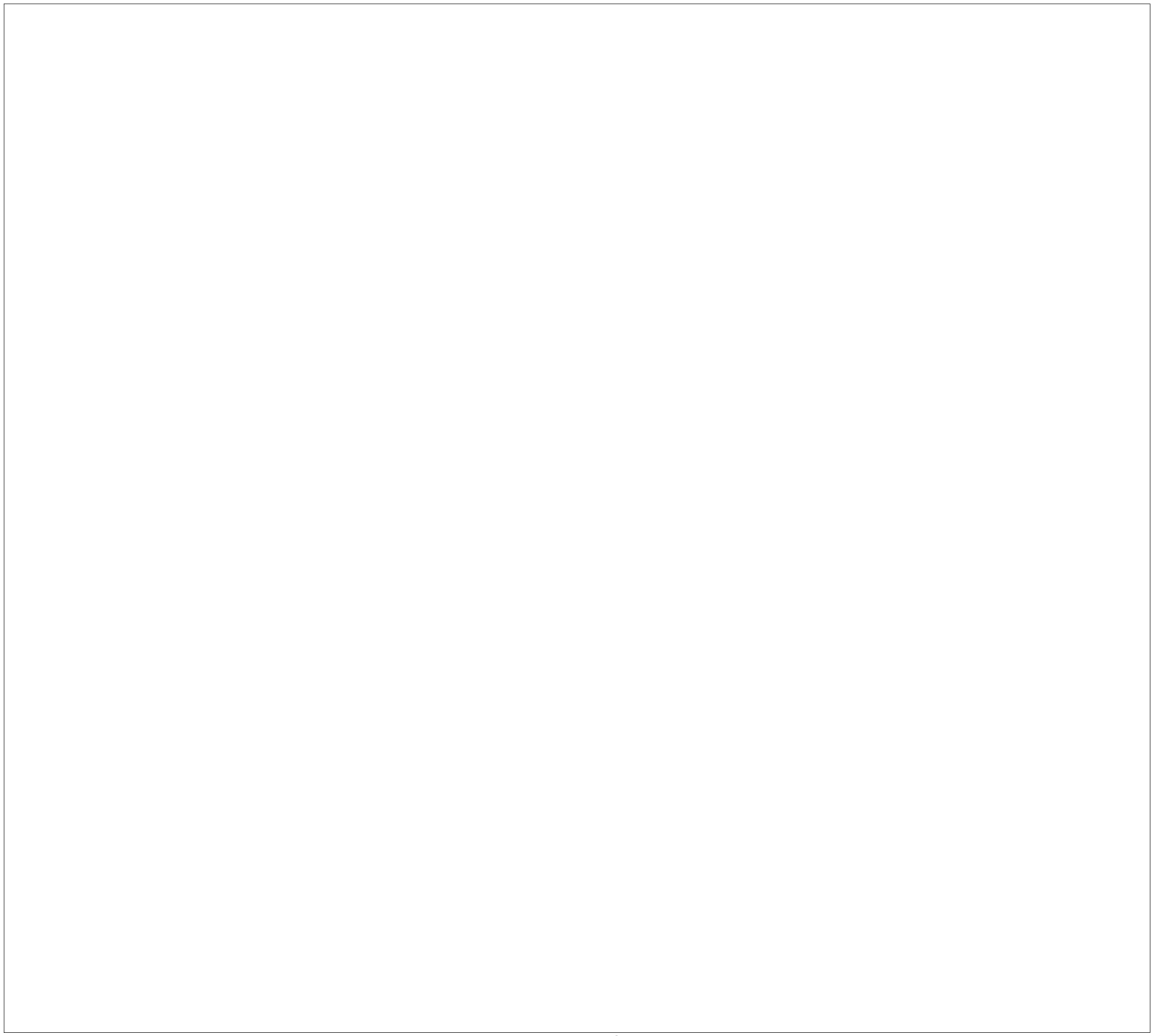

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